

# INFORMATION LETTER

Not for  
Publication

NATIONAL CANNERS ASSOCIATION

For Members  
Only

No. 1142

Washington, D. C.

July 5, 1947

## Semiannual Index to Be Issued Next Week

The semiannual index of the INFORMATION LETTER covering all issues from January 4 (No. 1118) to and including June 28 (No. 1141) will be mailed with next week's issue of the INFORMATION LETTER. The index will be the second of four indices to be published this year and will consolidate the references included in the index for the first quarter of 1947 together with the listings for the past three months. The same procedure will be followed for the third and fourth quarters, the fourth quarter index thereby becomes the annual accumulative index for the year.

A number of shrimp and oyster canners will be in Washington next week attending hearings. On July 8 a hearing is scheduled to consider proposals by the shrimp canners to reduce the present fill of container requirement. On July 10, fill of container proposals offered by canners and proposals by the Federal Security Administrator on both fill of container and standards of identity are to be considered at a canner oyster hearing. Both hearings will be held in Room 5544, Federal Security Building, Independence Avenue at 4th St., S. W., Washington, D. C.

As the INFORMATION LETTER went to press, the War Department announced that it would continue to purchase until July 31, 1947, canned fruits, vegetables and fish on a negotiated basis and without formal advertising. Continuance of negotiated buying beyond July 31 will depend on the action taken by Congress with regard to H. R. 1366, the Department said.

Mimeographed copies of the proposed revised United States standards for grades for green and wax beans, which have been issued by the U. S. Department of Agriculture, were mailed on July 2 by the N.C.A. to all green and wax beans canners.

## Negotiated Buying Urged

The National Canners Association was represented on July 1 by H. T. Austern, N.C.A. Counsel, at the hearing before the Senate Committee on Armed Services on a bill, H. R. 1366, which has been proposed to facilitate procurement of supplies and services by the armed forces and certain government agencies. Mr. Austern, who testified in behalf of the negotiated procurement program for canned foods, appeared before the Senate committee at the request of a special N.C.A. committee, appointed at the last meeting of the Association's Board of Directors to canvass the views of the War Department with respect to its future policy for the procurement of canned foods.

Mr. Austern urged the Congressional committee to amend subparagraph 9, section 2(c) of the proposed law to provide for the negotiated purchase of "canned fruits, vegetables, fish and marine life." He pointed out that "during the war, upwards of 60 percent of the Nation's total production of canned foods was purchased for military (See *Negotiated Buying Urged*, page 314)

## Canned Food Stock Reports Requested from Canners

The Association's Division of Statistics has mailed requests for July 1 stocks to canners of canned sweet corn, green and wax beans, tomatoes, tomato juice, beets, carrots, catsup, and red pitted cherries. In addition, the following new commodities are being added to the N.C.A. stock reporting service beginning July 1: Baby foods, dry beans, spaghetti and macaroni, and pumpkin and squash. Canners are urged to promptly return the data requested in order that the Division of Statistics can issue the stock reports as early in the month as possible.

## All Industrial Sugar Users Granted Increases in Allowances

All industrial sugar users on allotment basis are now permitted an increase in their sugar allowance for the third quarter, according to a June 27 announcement of USDA's Sugar Rationing Administration. Heretofore they were allowed a quantity of sugar for the period July 1 to September 30, amounting to 75 percent of their base-period usage. The 75 percent now may be used during the period July 1 to September 19. An additional sugar allowance will be provided for the 11 days following September 19. The principal items covered by the new SRA ruling are fruit nectars; baby food desserts; spaghetti and macaroni sauces; tomato sauces; jams, jellies and marmalades; and all other items not covered by provisional sugar allowances, the SRA has reported.

# NEGOTIATED BUYING URGED (Concluded from page 313)

procurement and for lend-lease under a negotiated buying program," and that the Government "can get a higher quality at a lower price by purchasing directly from canners." Excerpts from Mr. Austern's remarks before the Senate committee follow:

"During the war, upwards of 60 percent of this country's tremendously expanded production of canned foods was purchased by negotiated buying for the Armed Services and for lend-lease. As already indicated in these hearings, there was consolidated buying: The Army purchased all food for the Government.

"This purchasing system was developed in 1940 and 1941, as I shall describe in a moment, in order to change the Army from a retail buyer of these seasonal products to a direct, economical, and market-wise buyer. We have been told that throughout the war this system worked splendidly.

"The Army is still a large buyer of canned fruits, vegetables, and fish. If it continues to purchase for the Navy, it will be an even larger buyer. It should be a wholesale, direct buyer. Yet because of the factors inherent in the canning industry, we think the Army can get the quality which it needs, when it needs it, and deal in an economical, businesslike fashion in a fluctuating market, only by negotiated buying of canned foods.

"I should like, with your permission, to attempt to demonstrate this in two ways:

"First, by briefly outlining certain controlling facts about the canning industry. Second, by recounting briefly the splendid job done by the late Colonel Douglas MacKeachie, Colonel Paul Logan, Mr. Baxter, and others in 1941. Their experience demonstrates why H. R. 1366 should be revised to provide negotiated buying of canned foods. Since I played a minor role in this work, I can tell you about it to some extent at first hand.

"In presenting some facts about the canning industry, I ask the Committee to keep in mind the proposed new language in subsection 2(b), which will make it the declared policy of Congress 'that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small business concerns.'

## Canning Is Highly Seasonal

"The canning of vegetables, fruits, and fish is a highly seasonal industry. It is carried on in thousands of communities, typically by small and middle-sized canners. The typical canner has his grower, his cannery, and a cannery warehouse. Few canners have much if anything in the way of a sales staff. The canner sells through

food brokers to distant markets. He is not heavily financed, and borrows to carry the peak seasonal operations. He must, therefore, move his pack as soon as possible.

"Market conditions in this industry are often quite volatile. Canners are accustomed to quoting a price and having it accepted or rejected immediately. They cannot make bids and wait for someone to determine whether awards will be made. As I have said, they must move their pack.

"Another important point is that a canner, unlike a wholesale grocer or a middleman, can sell only what he packs—not a full grocery line. Almost without exception he sells *f.o.b.* cannery on commercial grades, or sometimes on sample. He has no sales department, but sells through food brokers. He has no traffic department to determine delivered prices.

"Remember, too, that a canner can sell only what the harvest will produce—what nature affords. If there is a crop failure, a canner can deliver only pro rata, and sometimes nothing. He cannot contract, either with the Government or with anybody else, and guarantee to deliver a crop yet to be raised or fish yet to be caught.

"Thus, as a business man, he cannot sell on any basis of guaranteed delivery, or offer to furnish plus or minus 25 percent of the amount advertised for bid. Often he cannot risk holding his pack until the announcement of bids, and he cannot await the determination of awards or possibly the rejection of all bids.

## Canners Far Away from Market

"Lastly, since he is always far away from the market, he cannot ship goods in the hope that inspection at the point of delivery will result in acceptance. Nor can he intelligently undertake himself to replace rejected goods after the crops have been harvested, the pack completed, and possibly all of it moved. . . .

"With the outbreak of the European war, Mr. Donald Nelson in the fall of 1940 asked the late Colonel MacKeachie, then a civilian and the director of purchases for the New England Division of the Great Atlantic and Pacific Tea Company, to join the National Defense Advisory Council. Mr. Baxter tells me that Mr. MacKeachie was horrified by the high prices which the Army and the Navy were paying for their canned foods, and by the relatively poor quality they were getting.

"In November, 1940, Mr. Baxter came to Washington, and these gentlemen, together with others, immediately began to remedy the situation. In December, 1940, centralized buying was announced—an office in San Francisco for West Coast products—one in Chicago, and one in New York. The next job was to bring the Federal Specifications up to date, and to simplify them. . . .

"Perhaps I can summarize the problem by telling you a few of the ways in which the Army buying system was changed. I participated in many of these meetings, and have the original memoranda, which I can leave for study by the Committee staff. (Since these are historically valuable, we would like very much to get them back.) Here were some of the problems with which we dealt in converting what was essentially a retail buying operation—which had evolved out of the complexities of advertised bids in this field—into a direct, businesslike, wholesale procurement program.

## Lack of Uniformity in Advertising

"Lack of uniformity in advertising for bids was revealed. The Quartermaster depots in Boston, Houston, Buffalo and other places had different practices. A canner might be familiar with one, but not with all. As you have seen, the invitations were for combined lots of many grocery items. They were usually in small quantities, and not in the typical carload which the canner sells. They called for practically a whole grocery store, and not for the one or two products which the canner packed and with which he was familiar.

"Vital was the necessity for inspection at the point of production or storage, and this turned out to be possible only when negotiated buying took place for a lot of goods already graded. Sales *f.o.b.* cannery were found to be necessary, and indeed made for freight savings for the Government. The Army system of theoretically exact reclamation was abandoned, and the commercial method of 'allowance in lieu of normal swells' was substituted. Finally, by July, 1941, we had many of these problems licked insofar as buying on the bidding system would permit them to be solved.

"In the spring of 1941 invitations were issued for large quantities of vegetables, but we still found that the canners were not able to bid. The bid forms were still formidable. The smaller canners weren't able to handle them, even though they had quality products which they were willing to sell to the Government.

"Mr. MacKeachie and others called the canners in from all over the country, and found that the Services could negotiate with them directly at much more favorable prices, and get the required volume of quality goods. With the advent of war, all buying of these subsistence items went on a negotiated basis. As I have said, the system worked splendidly during the war. . . .

"We do not know why the Army has not requested the inclusion of this point in the present bill. Indeed, we assumed that they most certainly would. This was indicated in discussions and correspondence last January. Mr. Baxter, the outstanding expert, has written to me that 'From my ex-

perience as chief of the processed foods sections of NDAC, OPM and WPB, I am convinced that the Services would obtain better seasonal canned foods at lower average prices by negotiating than by operating on a bid basis. I believe that the saving in cost would very materially exceed the expense of the personnel needed to do a good job of negotiating. He then goes on to discuss the example of chain store buying, to which I have already referred.

"As late as May, 1947, an official of the Procurement Division, Office of Quartermaster Supply, at Oakland Army Base, publicly stated to the West Coast canners that Washington had requested the Army to ask for six months' storage in canners' plants instead of 60 days. He said: 'At the present time we are awaiting a decision from Washington as to the method of buying. Our present instructions are that procurement is to be on a formal bid basis after the completion of our present negotiations. We are strongly of the opinion that purchase by negotiation is the best method for the Government and for the contractor. Arguments in favor of negotiated purchase have been presented to Washington by the three buying offices, New York, Chicago, and Oakland, and we are hopeful that a favorable decision will be received in the near future.'

"In this same speech, this Army official summed up the reasons why negotiated buying was necessary. He offered eight reasons, which emphasized the inability to get required quality on bids, the ability to spread business among all canners by negotiated buying, the possibility of contracting after inspection and grading in negotiated buying, and the ability of contracting officers to move quickly and decisively in a fluctuating market. In short, this appears to be the type of situation where, as Mr. Kenney (W. John Kenney, Under Secretary of the Navy) said last week, negotiated buying brings about more competition than the formal bid method.

#### Army Will Need Large Quantities

"In conclusion, it appears that the Armed Services will need large quantities of canned fruits, vegetables and fish. Insofar as we are concerned, it should be clear that they will buy the same amount whether they purchase directly from the processors or from second hands. The Armed Services can, we believe, buy better, get a higher quality at a lower price, by purchasing directly from canners.

"Yet, because of the wide geographical dispersal of processors and the commercial organization of the canning industry, we sincerely believe that cessation of negotiated buying, and reversion to the public bid system, will again effectively forestall bidding by canners. It has even been doubted by some whether the Army

will be able to get what it needs on the bid system, because of the cumbersome methods which it brings.

"The canning industry is proud of its war record. It still feels that it should be permitted to sell directly to the Armed Services. We hope that the Committee will make this possible."

#### Forthcoming Meetings

June 23-July 3—Ozark Canners Association, Technicians School, Fayetteville, Ark.

July 9-18—Indiana Canners Association, Mold Count School, Horticulture Department, Purdue University, Lafayette, Ind.

July 23-August 1—Association of New York State Canners, Inc., Mold Count School, Geneva Experiment Station, Geneva, N. Y.

November 6-7—Ozark Canners Association, Fall Meeting, Connor Hotel, Joplin, Mo.

November 10-11—Wisconsin Canners Association, 43rd Annual Convention, Schroeder Hotel, Milwaukee, Wis.

November 10-12—Grocery Manufacturers of America, Inc., 39th Annual Meeting, Waldorf-Astoria Hotel, New York, N. Y.

November 20-21—Iowa-Nebraska Canners Association, Annual Convention, Savery Hotel, Des Moines, Iowa.

November 20-21—Indiana Canners Association, Fall Convention, Claypool Hotel, Indianapolis, Ind.

December 4-5—Tri-State Packers Association, Fall Convention, Traymore Hotel, Atlantic City, N. J.

December 11-12—Association of New York State Canners, Inc., 62nd Annual Meeting, Hotel Statler, Buffalo, N. Y.

January 13-17—National Food Brokers Association, Annual Meeting, Atlantic City, N. J.

January 16-17—National Pickle Packers Association, Winter Meeting, New York, N. Y.

January 18-23—National Canners Association, Annual Convention (hotel to be announced), Atlantic City, N. J.

January 18-23—Canning Machinery & Supplies Association, Annual Exhibit, Convention Hall, Atlantic City, N. J.

January 19—National-American Wholesale Grocers Association, Annual Convention, Atlantic City, N. J.

March 15-18—National Association of Frozen Food Packers, Annual Convention, Chicago, Ill.

## Raw Products

### Climate Influences Vitamin Content of Vegetables

Studies carried on at the University of Florida indicate that "the climatic factors associated with different locations or seasons exert a greater influence on the relative vitamin content than variety, soil type, or fertilizer application." Details of these experiments are contained in two papers in the Proceedings of the American Society for Horticultural Science, published in 1944 and 1946.

The influence of climate (in eight different geographical regions of Florida), variety, soil type and fertilizers on the dry weight, ascorbic acid and carotene content of cabbage, beans, collards, broccoli and carrots were carefully studied by Byron E. Janes of the Florida institution, who found that the results of his studies closely coincide with those of other workers. He found a positive correlation between dry matter and ascorbic acid content in both collards and broccoli. Another research worker, however, found an inverse relation between ascorbic acid and carotene in turnip greens. Janes found no relation between ascorbic acid and carotene in collards and a positive correlation between the two vitamins in broccoli. He therefore concludes that since both vitamins are affected by climatic factors, there is little relation between the two constituents.

Work in progress at several experiment stations has shown, however, that there are varieties or types in both vegetables and fruits which have inherent higher levels of certain vitamins and they are being used to hybridize commercial varieties in an effort to develop new varieties of high vitamin content.

### U. S. Meat Production Report

Meat production under Federal inspection for the week ended June 28 totaled 281 million pounds, according to the U. S. Department of Agriculture. This production was 8 percent below the 305 million pounds produced during the preceding week but more than double the 128 million pounds recorded for the corresponding week of last year.



## Congress

### Minimum Wages

Hearings were continued this week by a subcommittee of the House Committee on Education and Labor on the various bills that have been introduced to raise the minimum wage under the Fair Labor Standards Act.

### Water Pollution

Representatives of the canning industry will meet at Association headquarters on Sunday, July 6, to prepare for the public hearings which will be held on the day following on the Kee-Kilgore bill (H. R. 1047-S. 244) to permit tax deductions for investments in the planning and construction of treatment works for industrial waste. These representatives will testify before the Committee in support of the bill and certain technical amendments that will be proposed by the Association to assure that the canning industry is adequately covered by the measure.

### Food and Drug

Food and Drug Subcommittee of the House Committee on Interstate and Foreign Commerce has indefinitely postponed hearings on the Landis bill (H. R. 3763) to amend the Food, Drug and Cosmetic Act. The cancellation of the proposed hearings has necessitated the postponement of a meeting of a special N.C.A. committee which was to have met at Association headquarters in Washington on July 8, the day preceding the proposed hearing on the Landis bill.

The Subcommittee approved on July 2, H. R. 4071, which provides for the seizure of foods which become adulterated or misbranded while held for sale after interstate shipment.

### War Powers

The President signed S. J. Res. 139, which extended the existing provisions of the Second War Powers Act until July 15, and thereby gave Congress 15 more days to decide on the extension of export and import and allocation controls which were to have expired midnight, June 30.

### U. S. Employment Service

The Senate on June 30 killed President Truman's Reorganization Plan No. 2 by a vote of 42 to 40. The plan would have placed the U. S. Employment Service permanently in the Labor Department, had it been approved. USES now will revert back

to the control of the Social Security Board six months after the war is officially terminated.

### Appropriations

**Labor**—Congress on July 2 approved a bill carrying \$1,674,158,630 for the Labor Department and the Federal Security Agency. The measure eliminated all funds for the U. S. Conciliation Service which will be taken over August 22 by a new agency created under the Labor Management Act of 1947.

**Interior, Agriculture and Commerce Departments**—Regular appropriations for these departments have not been approved as the INFORMATION LETTER went to press. However, Congress granted emergency funds to continue their operations until the regular appropriations could be agreed upon by both the Senate and the House.

### NEW ASSOCIATION MEMBERS

The following firms have been admitted into membership in the Association since June 7, 1947. Ruled lines are provided in the pages of the National Canners Association's Membership List and should be used to enter the names of the firms in the following list:

Litteral Canning Co., P. O. Box 36, University Station, Fayetteville, Ark.

North Pacific Canning Co., 309 Colman Bldg., Seattle 4, Wash.

Peoples Packing Corporation, 1564 So. 28th St., San Diego, Calif.

Putnam Citrus Products Co., Fort Myers, Fla.

Smith & Morrow, Sitka, Alaska.

St. Cloud Canning Assn., 1063 13th St. South, St. Cloud, Minn.

J. C. Tracy & Co., 914 Lyle St., Dallas, Ore.

## Fisheries

### Salmon Fishing Regulation

The provision in the Alaska salmon fishing regulation covering the weekly closed period for salmon fishing has been amended as follows:

Section 205.2 is hereby amended to read as follows:

§ 205.2 *Weekly closed period, salmon fishing.* The 36-hour weekly closed period prescribed by section 5 of the act of June 6, 1924, is hereby extended to include the period from 6 o'clock postmeridian Friday of each week until 6 o'clock antemeridian of the Monday following, except that in the Port Moller district there shall be, in addition to the statutory 36-hour weekly closed period, a closed period from 6 o'clock postmeridian Wednesday to 6 o'clock postmeridian Thursday of each week, making a total weekly closed period of 60 hours.

The open season for fishing in the Port Moller district during 1947 extends only from June 20 to July 31, therefore, if this amendment is to be effective during the 1947 season it must become operative at once. In these circumstances it has been determined that the amendment shall be effective July 1, 1947. (Sec. 5, 34 Stat. 264, as amended; 48 U. S. C. 247.)

### TABLE OF CONTENTS

	PAGE		PAGE
Semiannual index to be issued next week	313	Forthcoming Meetings	315
Procurement		Raw Products	
Negotiated buying urged	313	Climate influences vitamin content of vegetables	315
Statistics		Congress	316
Canned food stock reports requested from canners	313	New Association Members	316
U. S. meat production report	315	Fisheries	
Supplies		Salmon fishing regulation	316
All industrial sugar users granted increases in allowances	313		